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CENTRAL INTELLIGENCE BULLETIN

26 March 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

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USSR-UAR: A high-level Soviet economic delegation is in the UAR discussing plans for implementing the Soviet aid program in Syria in response to Cairo's request that economic development there be stepped up. The \$150,000,000 credit extended by the USSR to Syria in 1957 for land and transport development has remained largely unused, in part because of Syrian inaction. Plans for use of this credit now are being redrafted, and additional credits for industrial projects may be offered.

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II. ASIA-AFRICA

Japan: The Japanese Socialist party is again facing the prospect of defections similar to those of last year as a result of bitter factional controversy over the party's leadership. The defeat of right-of-center elements in the 24 March election of a party chairman may also cause some moderate groups within trade unions which have backed the Socialist party to shift support to its newly formed rival, the Democratic Socialist party.

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III. THE WEST

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West Germany: Defense Minister Strauss has said that if West Germany's proposals for an integrated NATO logistics system are not accepted, Bonn will be forced either to curtail its procurement of military supplies or to make additional arrangements with other countries, including non-NATO nations such as Spain. (Page 6)

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DAILY BRIEF

ii.

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Soviet Econor Relage 2003/02/27 : CIA RDP79T00975A005000230001-0

A high-level Soviet economic delegation and leading UAR officials of the Syrian region are holding talks in Cairo and Damascus which will probably lead to changes in the 1957 Soviet-Syrian economic cooperation agreement. The Soviet five-man delegation, headed by a deputy chairman of the USSR's committee on foreign economic relations, apparently has come to the UAR in response to complaints from Vice President Amir, Nasir's viceroy in Syria, that Moscow is not adequately fulfilling its economic aid commitments in Syria. Cairo in recent months has taken steps to speed up economic activity there in conjunction with Nasir's plans to coordinate the economic development programs of both regions of the UAR.

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The original Soviet-Syrian agreement provided for an estimated \$150,000,000 in Soviet long-term credits to be used to finance irrigation and hydroelectric power projects, transportation facilities, and geophysical surveys. The major project envisaged under the agreement is a dam, along with a power station and irrigation system, on the Euphrates River. Thus far, however, Soviet activity under the agreement has been limited largely to survey and planning work. Only about \$20,000,000 of the Soviet credit has been drawn to date, in part because of inaction in Damascus.

The USSR's favorable response to a renegotiation of the Syrian agreement underscores Moscow's willingness to continue extending economic aid to the UAR despite political frictions. It is probably also intended to allay Nasir's suspicions that Moscow is behind Arab Communists' efforts to regain an independent status for Syria.

The revised agreement probably will cancel some of the formerly scheduled projects and provide for others, perhaps of an industrial nature. The Soviet Union may also be planning to offer new aid credits.

With the	exception	n of almost	\$20,000,00	00 in 6	conomic	aid
from Czechos	slovakia,	other bloc	economic	credi	ts to Syr	ia
have been of						
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assistance.			-	-		•

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II. ASIA-AFRICA

Election of New Chairman Further Divides Japanese Socialist Party

The Japanese Socialist party (JSP), which late last year lost a fifth of its Diet members in a policy dispute, faces additional withdrawals following Inejiro Asanuma's narrow victory in a showdown election for party chairman on 24 March.

Asanuma, who was Socialist secretary general, endorsed Communist China's foreign policy during a visit to Peiping in early 1959. His election consolidates leftist control of the JSP, but it is not expected to change the party's basic policy. The new chairman already has announced his intention to pursue the party's fight against ratification of the revised US-Japanese security treaty.

The more far-reaching impact of the election, however, probably will develop outside the JSP itself, within the ranks of trade unions which are affiliated with Sohyo, Japan's largest labor federation and the base of JSP support. Labor restiveness over the Socialists' decided shift to the left in the past year had influenced Sohyo to support opportunistic, right-of-center factional leader Jotaro Kawakami for the party chairmanship. His defeat may lead moderate elements in many of the Sohyo-affiliated unions to switch their support to the recently formed Democratic-Socialist party (DSP).

Although Kawakami is expected to remain in the Socia	list
party, some of his supporters probably will join earlier 'h	ard-
core" right-wing defectors in the DSP. This would strengt	hen
the DSP in the Diet, but it might induce the party to compre	mise
its moderate Socialist outlook in order to prevent the development	op-
ment of factionalism in its own ranks.	· •

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West Germans Urge Integrated NATO Logistics System

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In a recent conversation with Secretary of Defense Gates, West German Defense Minister Strauss called supply and storage problems an increasingly serious obstacle to the build-up of West Germany's armed forces. Strauss felt that, if agreement cannot be reached in NATO on a Bonn proposal for an integrated logistics system, West Germany would have no alternative but to make bilateral arrangements with other countries including non-NATO nations—an apparent allusion to Spain. Otherwise, West Germany would be forced to stop further military procurement and abandon its attempts to meet NATO logistic requirements. The German proposal is the first item on the agenda for the 31 March - 1 April NATO defense ministers' meeting.

American Embassy officials in Bonn believe that, even allowing for possible German overestimation of logistic requirements and of the difficulties in meeting them, Strauss is still confronted with "unquestionably an enormous problem." They believe that a NATO rejection of Bonn's proposals for an integrated logistics system would sooner or later evoke the consequences of which Strauss speaks. Since solutions outside the NATO framework are "clearly unpalatable" to the Adenauer government, the effect of a rejection would be to put the Federal Republic's military effort in a "deep freeze."

Under present NATO planning, which makes each nation responsible for its own logistics, West Germany is required to maintain sufficient military supplies for 30 days east of the Rhine and for 60 days west of the river. Suitable land is not available for this purpose or for needed additional airfields and maneuver areas. Bonn has concluded agreements with France, the Netherlands, and Portugal to provide additional facilities, but believes that these arrangements are not adequate and that a fully integrated NATO system is the only feasible solution to the difficult command and control problem which would arise in the event of hostilities.

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